

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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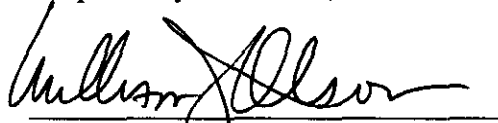
Experimental "Ride-Along" )  
Classification Change for Periodicals )

Docket No. MC2000-1

COX TARGET MEDIA, INC.  
AND COX CONSUMER SAMPLING  
FIRST INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS  
TO POSTAL SERVICE WITNESS HOWARD SCHWARTZ (CC/USPS-T2-1-11)  
(November 2, 1999)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Cox Target Media, Inc. and Cox Consumer Sampling, proceeding jointly herein as the "Cox Companies," hereby submit interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

Respectfully submitted,

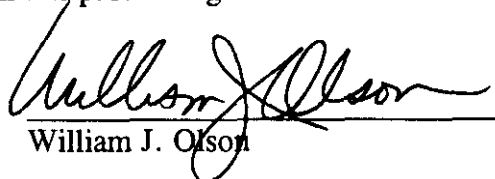


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and Cox Consumer Sampling

CERTIFICATE OF SERVICE

I hereby certify that I have this day served by hand delivery or mail the foregoing document upon all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.

  
William J. Olson

November 2, 1999

CC/USPS-T2-1.

At page 3, lines 17-18 of your testimony, you state that “We mailed approximately 3.339 million Standard A advertising units with our 1998 periodicals issues.”

- a. In developing this total of 3.339 million Standard A advertising units, please state
  - (i) the number of different publications that were involved, and
  - (ii) the number of separate issues of each publication that carried Standard A advertising units.
- b. What was the total number of different inserts that were carried in Conde Nast publications during 1998?
- c. For those periodicals issues that carried a Standard A advertising insert, what was the average volume of inserts per issue?
- d. During 1998, on how many occasions did newsstand copies of Conde Nast publications carry inserts that were not contained in any mailed copies?

CC/USPS-T2-2.

At p. 4 of your testimony you state that the proposed flat rate of \$0.10 for ride-along inserts “would automatically double volumes from current advertisers to approximately 6.68 million units.” Is the estimate of 6.68 million units the result of doubling the 1998 volume of 3.339 million? Please explain any answer that is not an unqualified affirmative.

CC/USPS-T2-3.

At p. 4, line 3, you further state that “This would amount to over 13 million pieces.”

- a. Is 13 million intended to represent an approximate doubling of 6.68 million?
- b. Please explain the difference between the terms “units” (as in “6.68 million units”) and “pieces” (as in “13 million pieces”) as you use these two terms in your testimony.

CC/USPS-T2-4.

At p. 4 you continue with the statement that “We believe we would almost double this volume again...”

- a. Does this statement mean that you expect the 13 million volume to grow to approximately 26 million pieces, which would be about 8 times the 1998 volume of 3.339 million pieces?
- b. If your answer to preceding part a is affirmative, please reconcile this projected 8-fold increase with your statement at page 3, lines 20-21, that “the proposed experimental rates could produce approximately four times the actual volume of Standard A pieces Conde Nast generated in 1998.”
- c. If your answer to part a is negative, please explain what you mean when you say that “We believe we would almost double this volume again...” In particular, to what volume are you referring with the phrase “this volume”?

CC/USPS-T2-5.

Please refer to your testimony at page 1, lines 12-13, where you state that “Starting at some time in the mid-1990s we became inundated with requests for these types of innovative advertisements.”

- a. Please define the term “inundated” as you use it here.
- b. With reference to your answer to part b of preceding interrogatory CC/USPS-T2-1, please attempt to quantify the term “inundated” in your testimony. That is, with reference to the total number of different inserts carried during 1998, what level of requests (*e.g.*, doubling, tripling, quadrupling, etc) would represent becoming inundated?

CC/USPS-T2-6.

Your testimony states (page 1) that “[t]he Standard A postage premium over the normal Periodicals postage costs is passed along on a dollar-for-dollar basis to the advertiser.”

- a. Suppose a single issue of one of your publications carried two separate inserts. Assuming that the experiment in this docket is approved as proposed, is it your understanding that one insert would pay the ride-along rate of 10 cents, and the other insert would pay the applicable Standard A rate? Please explain fully any answer that is not an unqualified affirmative.
- b. With respect to each of the two inserts, would you continue to pass along the postage premium over the normal Periodicals postage on a dollar-for-dollar basis?

- c. Please explain how you would determine which insert would pay the 10 cent ride-along rate and which insert would pay the Standard A rate.

CC/USPS-T2-7.

Your testimony at page 2, lines 8-13, cites the following as examples of potential Ride-Along candidates for inclusion in periodicals:

- samples of an actual product (*i.e.*, swatches of fabric, pacquettes of actual skin care cream or cosmetics);
  - advertisements made up of non-printed sheets (*i.e.*, fabric or plastic);
  - battery-operated lights;
  - advertisements which include a tone activator, such as a music chip found in a greeting card; and
  - a computer disk or CD-ROM.
- a. Is it your contention that all of the potential Ride-Along candidates cited in your testimony are of the type that advertisers would not send directly to consumers **as a solo mailing** via any other class of mail, such as Standard A or First-Class Mail? Please explain your answer fully, and if your answer is affirmative, include all reasons why advertisers would not use another class of mail.
- b. Is it your contention that all of the potential Ride-Along candidates cited in your testimony are of the type that advertisers would not send directly to consumers **as part of a co-op mailing** via any other class of mail, such as Standard A or First-Class Mail? Please

explain your answer fully, and if your answer is affirmative, include all reasons why advertisers would not use another class of mail.

- c. Are you aware of any solo or co-op Standard A mailings that included pacquettes of actual skin care cream or cosmetics? Please explain all reasons on which you rely for your conclusions that (i) such items are not candidates for Standard A Mail, and (ii) their inclusion as Ride-Along inserts would result in little or no volume or revenue diversion if this experimental rate is approved.
- d. Suppose that a computer disk or CD-ROM were bound into a periodical as a Ride-Along insert. How would that affect the ability of the periodical to be folded and inserted into an apartment-type mailbox? In your answer, please address the likelihood that it would require more time and effort on the part of the carrier.

CC/USPS-T2-8.

Your testimony at page 4 (lines 16-19) states that “The current Standard A material which is either on-sorted within a mailing wrapper or bound into our periodicals is not of the type that advertisers would send directly to consumers via any other class of mail, *i.e.*, Standard Mail A or First-Class Mail.”

- a. With respect to the current Standard A material which is either on-sorted within a mailing wrapper or bound into your periodicals, in what respects are those materials similar to or different from the examples of potential candidates cited in your testimony and discussed in your response to interrogatory CC/USPS-T2-7?

- b. Please provide examples of current on-serfs or inserts that differ from the examples of potential candidates cited in your testimony and discussed in your response to interrogatory CC/USPS-T2-7, and please explain fully why, in your opinion, the examples of such different on-serfs and inserts also are not candidates for either (i) a solo Standard A mailing or (ii) inclusion in a co-op Standard A mailing.

CC/USPS-T2-9.

- a. Are subscriber lists of Conde Nast periodicals available for rent to Standard A mailers?
- b. Suppose that this experimental rate is approved, and the volume of ride-along inserts in Conde Nast periodicals expands four-fold (or eight-fold) as you project. Will the ability to place inserts directly into your periodicals reduce the income from list rental? Please explain the basis for your answer.

CC/USPS-T2-10.

With respect to the Magazine Publishers of America (MPA) survey discussed at page 4, lines 9-14, of your testimony, please:

- a. List the names and addresses of the companies contacted, including the dates of the contacts;
- b. State the survey questions (or produce a copy of the survey form, if any);
- c. State the name and title of the persons responding for each company;
- d. State the survey responses (or produce a copy of the response forms, if any); and

- e. State the substance of any information communicated to the survey respondents in connection with the survey, and produce copies of any documents containing such information as well as any documents provided to the survey respondents.

CC/USPS-T2-11.

At page 4 of witness Taufique's testimony, he states that "[n]either the Periodicals industry nor the Postal Service wishes to provide an incentive to the customers to clutter up magazines with numerous advertising pieces or other ineligible enclosures or attachments."

- a. Do you agree with the above-quoted sentence? If not, state all bases for your disagreement.
- b. Please state all reasons why the periodicals industry does not wish to provide an incentive to customers to clutter up magazines with numerous advertising pieces or other ineligible enclosures or attachments.
- c. In your opinion, would it "clutter up magazines" in a negative way if a single issue of a magazine included, for example, a cosmetic product as well as a CD-ROM? Please explain the basis for your answer.
- d. Please produce copies of all documents written and/or transmitted between January 1, 1998 and the present, including but not limited to correspondence with the Postal Service, mentioning, reflecting, or commenting on the concern recited at page 4 of witness Taufique's testimony (*i.e.*, not providing an incentive to customers to clutter up magazines with advertising pieces, and the like).